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ABSTRACT

Materials are provided for a unit to teach students to recognize the importance of labor in the growth of the economy. The 1- to 2-week unit is intended for a 12th-grade economics class. The lesson plan details concepts to be covered, rationale, instructional objectives, materials that will be used, teacher procedures, and student evaluation. These materials for use with the unit are provided: handout on the Industrial Revolution, handout for an assignment to write newspaper articles with writers sympathetic to unions and employers, handout with a timeline for organized labor, a simulation game about the behavior of guitar-making firms in competition, and a unit test. (YLB)

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UNIT : LABOR IN THE AMERICAN ECONOMY TODAY

ABSTRACT: The overall objective of the unit is to recognize the importance of labor in the growth of the economy. Beginning with the Industrial Revolution, the unit develops an appreciation of the role of the worker in a nation's economic, political and social life. The impact of technology upon productivity is then expanded upon by examining wages in a competitive market structure. The problems faced by the worker in both the market system of the past and that of the present has led to the growth and development of organized unions. Governmental regulations and interventions have also affected the position of the worker in the American economy today and these relationships should also be evaluated. Labor is and has been a vital force in America's economic life and its changes must be seen in terms of its interdependence with our society as a whole.

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TITLE: LABOR IN THE AMERICAN ECONOMY TODAY

TIME REQUIRED: 1 - 2 weeks

RECOMMENDED
GRADE LEVEL: 12th Economics

CONCEPTS: Productive Resources
Opportunity Cost and Trade-offs
Specialization, Comparative Advantage & Division of Labor
Markets; Supply and Demand
Government Intervention and Regulation
Interdependence
Economic Growth

RATIONALE: Today's student faces uncertainity in the labor market in terms of career choices, preparation and the development of marketable skills. These uncertainities first arose with the Industrial Revolution and will continue to impact the labor force in the United States. Technology and the specialization of labor has enabled the American worker to attain high levels of productivity and high wages but students must also recognize that these benefits have corresponding costs. There have been many trade-offs for the American worker and it is important to understand how the forces of supply and demand affect wage determination. Organized labor and governmental regulations have attempted to ameliorate these costs for the worker and so too have joined this process of continued change. A responsible attitude towards the position of labor needs to be cultivated if economic growth is to continue as a goal for the worker, the industry and the American nation.

INSTRUCTIONAL OBJECTIVES:

--Discuss the impact of technology upon the labor force
--Recognize that technology has both costs and benefits for different groups within an economic system
--Describe how specialization improves productivity
--Explain how the supply and demand for labor interact to determine wages
--Sequence the growth of organized labor in the United States
--Examine the impact of government regulations and legislation upon the labor force
--Discuss current employment trends and issues
--Evaluate the various tools and strategies available in determining labor-management relations
--Gain a clearer understanding of the interdependence in the American economy--past and present

MATERIALS:

(1) Handout 1--The Industrial Revolution--the changing nature of work

Developed through Newsroom, Springboard software

(2) Handout 2--Newspaper assignment
(3) Handout 3--Supply and Demand Changes Worksheet
(4) Handout 4--Timeline for Organized Labor
(5) -Simulation game--structure adapted from Robert Wilkins, "Eco-Tax", Social Education (January 1980) pp. 24-27
(6) -Unit Test
(Pages 5&6 copied from James Brown and Harold A Wolf, Economics: Principles and Practices Workbook, Charles E. Merrill, 1971)

PROCEDURES:

(1) Teacher to begin by distributing copies of Handout 1--"The Industrial Revolution--the changing nature of work." Students should easily be able to discuss ways in which the labor force and working conditions were affected by technology in the United States. This should be an excellent motivator to a brainstorming session as to what problems the worker faces today. While most of the problems will center upon economic costs (automation, taxes, pensions, etc), some additional social and psychological problems (i.e. absenteeism, stress, substance abuse, etc) should be included by the teacher expanding upon such squares as "size of production unit", etc.

a. Closure of this activity might include having students write down several generalizations comparing labor problems--both past and present or choosing one of the boxes to develop as a written paragraph.

b. A sideline activity here if time and computer availability permits is one of having students use the Springboard Newsroom program to develop their own newspaper on the role of labor either past or present. A suggested format is included in Handout 2.

(2) As economic concerns should clearly have emerged in the previous discussion, it should be easy to lead students to investigating the role of supply and demand in determining wages. Handout 3 could be utilized here either as a classroom worksheet or as a followup to a discussion or reading assignment.

a. The headlines chosen here should guide students to the major classifications yet allow the teacher to introduce other factors such as working women, the role of education, anti-discrimination laws as well as government regulations.

b. Headline #8 which deals with minimum wages and the exemption of teenagers has multiple effects. While a lower wage might encourage business to hire more teenagers, such an action might have other costs for the economy as a whole. Additional time might be spent examining this particular issue if desired or any of the others.

(3) Reasons for organizing labor unions should have be easily developed through the preceding lessons and is quickly reinforced through Handout 4. Teachers should be able to draw upon students' past experiences in 11th grade American Studies to identify the specific events or be assigned these as mini-research. Students should be able to see how such major trends as laissez-faire, isolationism, fear of communism as well as the effects of business cycles would affect the growth of labor unions.

a. The second part of the time-line which deals with government regulations would also help students in determining some of the cause/effect relationships present here.

(4) Labor-management relations may be dealt with here in a variety of ways. There are several commercial simulations which deal with this process and enable teachers to develop the concepts of opportunity cost and trade-offs.

a. There is a MECC computer program for social studies which includes Collective Bargaining which is again dependent upon school computer capabilities but which does emphasize the need for cooperation between labor and management. Decision-making is emphasized and consequences vary.

b. The simulation Collective Bargaining by Edwin Rausch (Science Research Associates, 1968) is a complex one which does examine tradeoffs between wage increases, holidays and vacations for both management and unions. The structure of the game includes the impact of personal views and values of at least 4 workers upon the union negotiation team while management teams deal most with the costs of strikes and work stoppages. This particular simulation is detailed and requires at least 3 to 4 periods to successfully complete and wrap-up.

c. Another simulation which might be used is one I developed from "Eco-Tax" by Robert Wilkins. This game deals more with the various ways labor costs can influence a firm's decision-making regarding price and market share and would take 2 class periods. While the simulation relates to management decisions, the various options all result in heavy costs to labor and should bring forth a more dynamic discussion of what labor unions could and should do in the future. The fact that government regulations in the form of an increased minimum wage has forced the firms to reevaluate their positions should also provide a good follow-up to previous issues discussed.

Class discussion of the game's results should include some of the following:

1. identification of how economic goals previously dealt with in the course relate and conflict within the game (Security=relocation, Efficiency=automation, Growth=status quo, Justice=lobby, etc)
2. review of how a business firm determines price; the role of fixed and variable costs
3. compare/contrast the options chosen by various firms in terms of opportunity cost and decision-making skills
4. find examples of current industries which may have been affected by these types of decisions (i.e. relocation=garment industry)
5. discuss the social costs of these decisions--what effects these decisions have had on domestic labor, union bargaining power, minorities in the job market, teenage unemployment, loss of national productivity, occupational safety at the expense of jobs, etc.

(5) Several possible filmstrips or video presentations would be good interjections at this point and provide further focus for discussions on organized labor today.

a. The film <u>Controlling Interest</u> is available from:

California Newsreel
630 Natoma Street
San Francisco, Calif 91403

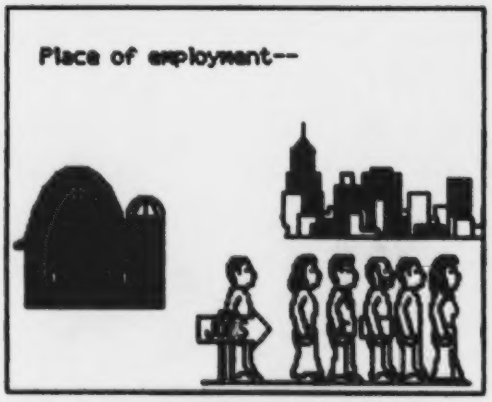
This would require nearly 2 class periods for presentation here. The film deals with the problems of a labor union's bargaining position with a multi-national corporation considering relocation. The film examines both the social and economic costs involved for labor, unions, peoples of other nations as well as foreign policy aims and national economic goals.

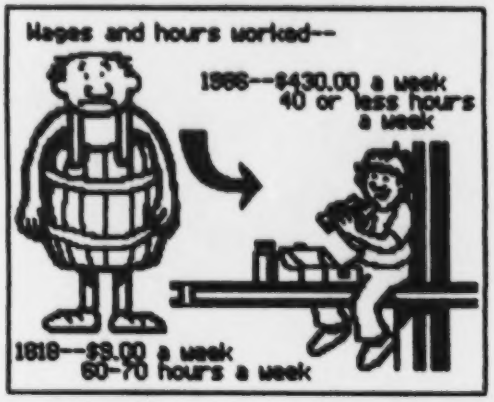
b. A historical approach may be taken through Guidance Associates The Growth of Labor although Labor Unions: Power to the People? (Educational Enrichment Materials, a subsidy of the NY Times Co, 1979) is far more issue-oriented. While the filmstrip does briefly summarize the benefits of and historical needs for unions, it contrasts sharply with previous material in raising such questions as union dues, lack of productivity, pension funds, etc.

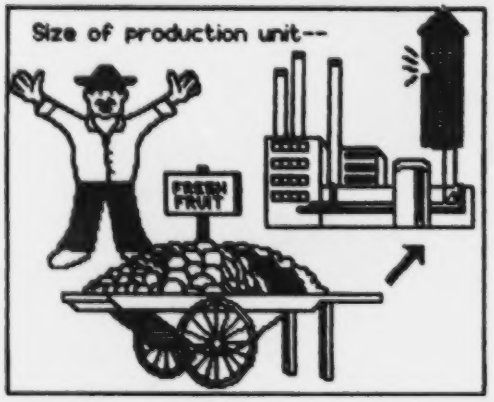
c. A more global approach is also available through an Enterprise Series program entitled The Kyocera Experiment, a videotape available through the Learning Corporation of America. This program deals with a Japanese firm opening an American branch and the contrasts presented the labor force by such a move.

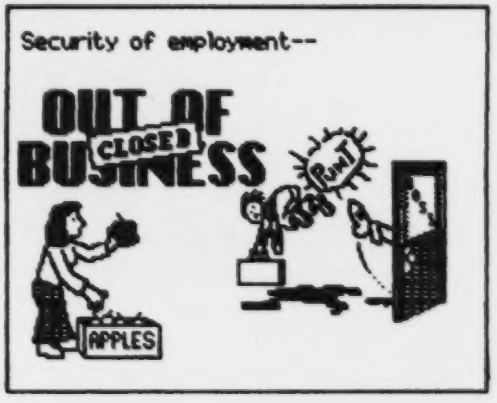
EVALUATION: Student progress has been monitored and evaluated throughout the unit with a variety of checklists/ worksheets and possible inclusions of essay or discussion evaluations. A sample unit test is appended which also evaluates student learning and attempts to balance skills as well. Sections of the test are adapted from various teacher/student workbooks from a variety of economics textbooks.

THE INDUSTRIAL REVOLUTION—— the changing nature of work









Imagine you are working on a newspaper staff during May 1886 (or May 1986). The newspaper has some writers who are sympathetic to unions and some who are sympathetic to company owners and managers.

The following topics are to be dealt with in your newspaper. You have a choice of several formats--news stories which relay basic factual information about the topics; editorials which express and defend a point of view; feature stories which contain background information or items of human interest; and cartoons containing an element of humor. Graphics may also be used to illustrate or explain your stories.

The topics available are:

a. diversity in the American work force

b. growing role of women in the work force

c. impact of new immigrants on the work force

d. the effects of automation in the workplace

e. work at the Homestead steel plant

f. effects of the business cycle on workers

g. Knights of Labor

h. Haymarket Riot

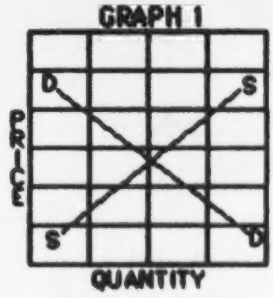
i. American Federation of Labor

j. occupational hazards in the workplace

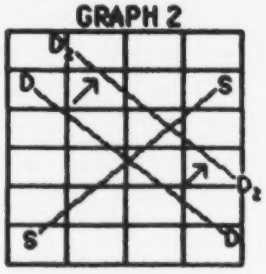
(Obviously the list of topics could be endless and certainly would include many more current topics if the 1986 date were used.)

DETERMINATION OF WAGES

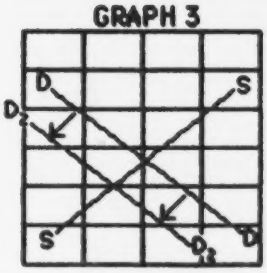
GRAPH 1



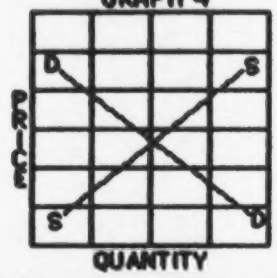
GRAPH 2



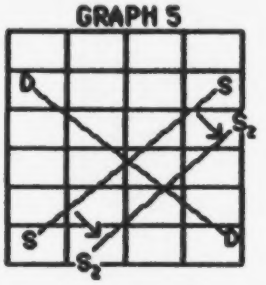
GRAPH 3



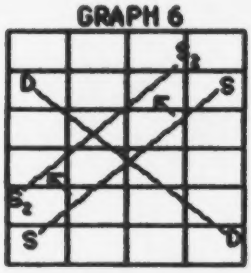
GRAPH 4



GRAPH 5



GRAPH 6



The following headlines would have different effects upon market price as determined by supply and demand. Increases in either supply or demand are shown in Graphs 2 & 5. Decreases are shown in Graphs 3 & 6. Write the number of the corresponding graph in the line next to the headline.

_____1. New tomato harvestor announced by John Deere Company.

_____2. A new minimum wage of $4.20 is announced.

_____3. U.S. Government announces end to immigration restrictions.

_____4. New Boeing supersonic transport plan to computerize and revolutionize air freight industry.

_____5. New employee training program announced by Ford Motor Company expected to increase worker prod.

_____6. Higher tariffs announced against Japanese car imports.

_____7. Polls show consumer favor new radials over bias-ply tires.

_____8. Teenagers to be exempted from minimum wage laws.

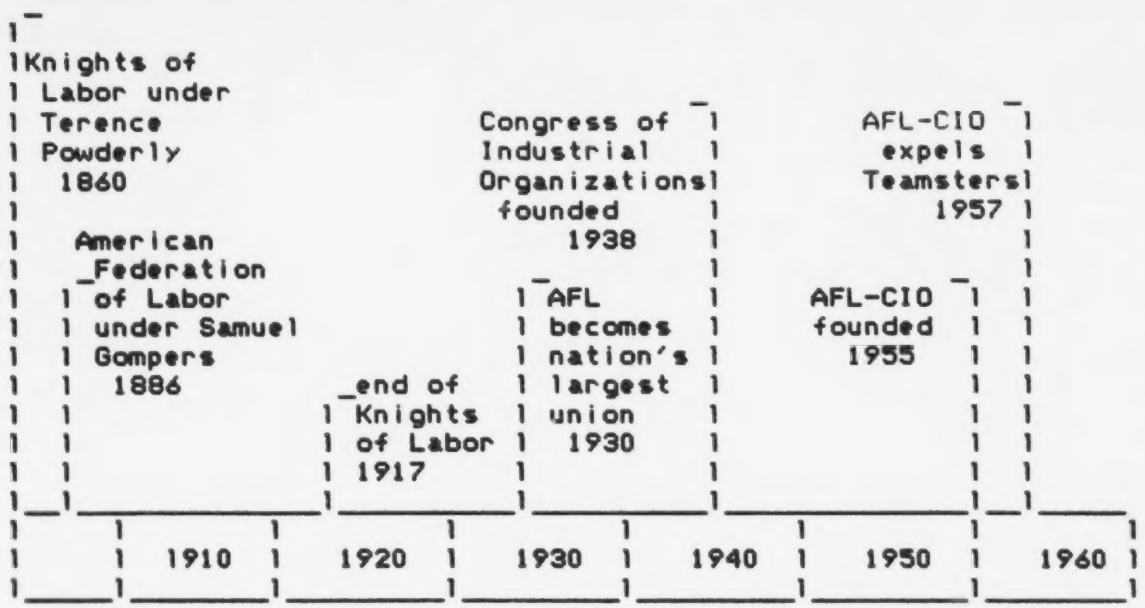
_____9. General Electric announces plans to move its steam turbine operations to Mexico plant.

_____10. War between Iran and Iraq creates new boom in munitions industry.

Arrange the above headlines into the three major classifications of factors affecting labor supply in the United States.

1. Technological Changes = _____
2. Consumer Tastes and Preferences = _____
3. Government Actions = _____

GROWTH OF ORGANIZED LABOR



A. How did each of the following affect the growth of organized labor?

1. Pullman Strike of 1894--
2. Haymarket Riot of 1886--
3. Great Depression--
4. Boston Police Force Strike of 1919--
5. McCarthyism--

B. Place the following government regulations on the time-line and discuss their effects on the growth of organized labor.

1. 1902--Danbury Hatters Decision--Supreme Court rules that the union's strike was in restraint of trade under the Sherman Anti-Trust Act
2. 1914--Clayton Anti-Trust Act--unions exempted from anti-trust suits, labor given the right to strike/picket
3. 1932--Norris-LaGuardia Act--guaranteed the right to join unions, outlawed yellow-dog contracts
4. 1935--Wagner Act or National Labor Relations Act--guaranteed right to form unions and bargain collectively
5. 1938--Fair Labor Standards Act--established minimum wages and maximum work week
6. 1947--Taft-Hartley Act--outlawed closed shops, unions required to give 60 days notice before strikes and allowed federal injunctions to block strikes up to 80 days
7. 1959--Landrum-Griffen Act--union to file financial reports with the government and required democratic elections to prevent corrupt union practices

SIMULATION GAME

Description

This is a simulation game about the behavior of guitar making firms in competition. The firms are played by students working individually or in pairs. The game begins with each firm making an identical product, having an equal share of the market and receiving the same price per guitar. All firms have the same equipment, capital investment, and raw materials so the fixed costs are the same--$1000 per month. The variable costs are for unskilled labor, equal for all firms at $50 per guitar. Thus, the industry is in equilibrium.

However, government intervention in the form of a rise in the minimum wage has transformed the production costs of the firms. Firms must decide whether to adjust to the minimum wage or invest in different ways of balancing its costs. At this point students make a decision to play one of the options: i.e. maintain the status quo, lobby the government, invest in automation, or relocate the factory. For each option chosen there are different consequences in terms of the labor costs, costs associated with the lobby, automation or relocation. These costs flow on to the consumers through changes in the price of guitars and firms experience changes in their share of the market. Thus, the industry is now in a state of disequilibrium. The game is played through four decision-making phases. At each phase, students fill out a record sheet which shows them how to calculate their net income and total income over the whole game. The firm with the highest total income wins.

materials

For a class (working in pairs) of thirty students you will need the following:

Phase I = 15 copies
Phase IIA and IIB = 8 each
Relocation (1) and (2) = 8 each
Lobby (1) and (2) = 8 each
Automation (1) and (2) = 8 each
Status Quo (1) and (2) = 8 each
Scoresheet = 15 copies

Instructions

1. Explain to students that they are to play a simulation game in which each pair of students represents a guitar making firm in competition with other firms. Hand a Phase I sheet to each pair. Distribute a scoresheet to each pair of students. Work with the students so that they understand how the data on the Phase I sheet is located on the scoresheet.

2. Shuffle the Phase IIA and IIB sheets and distribute only one to each pair of students. Have students read their sheet and enter the data onto the Scoresheet and calculate their net profit for this phase.

3. Explain that the game will now be played through four more phases in which the players must select one of four options.

   (a) Relocation: to relocate the firm outside the country and thus lower labor costs
   (b) Lobby: to apply for government aid to reduce the effect of the minimum wage and improve marketing
   (c) Automation: to add technological improvements to reduce labor costs
   (d) Status Quo: to pay the increased minimum wage and make no other changes.

   Issue the appropriate action sheet to each pair of students as they make their choices. You should warn students that each option has a cost associated with it which will influence the price of the product, production costs, and share of the market. Help students record all data relating to their decisions in each phase on the Scoresheet. When students have finished playing all phases of the game, they should total their net profit column. Compare gross incomes and declare the winning firm or firms.

4. Discuss the game with students. There will be affective outcomes relating to the decision-making and risk-taking. A discussion of how they would feel abut the effect of these changing labor costs as well as drawing comparison with current industries might be included.

   The cognitive domain will focus upon the different economic concepts and generalizations encountered in the game. Some of these might include competition and market structure, government intervention in business, the lack of a relationship between wages and productivity, production costs, the relationship between cost and price, the effect of price upon market share, the social costs of decision-making, opportunity cost and trade-offs. The important role of labor upon the firm, price mechanism and market structure should be stressed throughout.

PHASE I

You are a guitar-making firm in pure competition with a number of other firms turning out an identical product. For this production you all need the same equipment and capital investment which means your fixed costs are the same--$1000 per month. Your variable costs are for unskilled labor--$50 per guitar.

The whole guitar industry is in equilibrium with a stabilized price of $100 per guitar and each firm has an equal share of the market amounting to 1000 guitars. Check the computation of net profit for Phase I on your scoresheet. Now go on and complete Phase II.

PHASE IIA

The rising cost of living and higher prices facing the country has created labor unrest and forced the government to take action. Finally a bill is passed raising the minimum wage. Your current labor costs, or variable costs, will be increased by $10 per guitar. You choose to maintain your current price of $100 per guitar. Most of your competitors have chosen to increase their prices so your share of the market increases to 1500 guitars. Compute your net profit.

PHASE IIB

The rising cost of living and higher prices facing the country has created labor unrest and forced the government to take action. Finally a bill is passed raising the minimum wage. Your current labor costs, or variable costs, will be increased by $10 per guitar. You decide to increase your price per guitar to $120. Your increased labor costs are thus passed on to the consumer. Some of your competitors have maintained their prices so your market share drops to 800 guitars. Compute your net profit.

AUTOMATION (1)

You elect to add a new machine to the assembly line which takes the place of 10 workers. This machine enables to to reduce yoour variable cost per guitar by $10. Your fixed costs increase by $1500, the cost of the machine. Your price per guitar reduces by $20 and your market share increases by 200 guitars.

AUTOMATION (2)

You elect to add a new machine to the assembly line which takes the place of 10 workers. Your fixed costs increase by $1500, the cost of the machine. Unfortunately the union threatens to strike over this loss of jobs and forces you to rehire 5 of the workers as assembly line maintenance workers. The cost of the additional workers plus a decline in productivity due to lower worker morale leads to an increase in variable costs to $80 per guitar. Your price per guitar increases by $60 and your market share reduces by 500 guitars.

STATUS QUO (1)

You have chosen not to make any changes during this phase. Your new price will therefore be equal to your previous price less any variable or fixed costs that were added in the previous phase in : LOBBY, AUTOMATION, or RELOCATION. Your competitors have chosen different courses of action. Their prices have risen as a result. Fortunately for you, your share of the market has increased by 50 guitars during this phase.

STATUS QUO (2)

You have chosen not to make any changes during this phase. Your new price will therefore be equal to your previous price less any variable or fixed costs that were added in the previous pase in LOBBY, AUTOMATION, or RELOCATION. Your competitors have chosen different courses of action. Unfortunately for you, your share of the market has decreased by 50 guitars in this phase.

RELOCATION (1)

In an effort to avoid the effects of a new minimum wage, your company chooses to relocate in a foreign country where labor costs are lower. The new labor or variable costs are $10 per guitar which enables you to lower your unit price. Your cost of relocation adds $100 to your fixed costs over the rest of the phases. Your new price per guitar is reduced by $40. Since your price is lower than your competitors, your share of the market increases by 500 guitars.

RELOCATION (2)

In an effort to avoid the effects of a new minimum wage, your company chooses to relocate in a foreign country where labor costs are lower. The new labor costs or variable costs are $10 per guitar and your cost of relocation adds $1000 to your fixed costs. However, an unexpected revolution brings in a new dictator who immediately nationalizes all foreign-owned industry. You are bankrupt and out of the game.

LOBBY (1)

You direct your lobby to legislators in hopes of reducing the effect of the new minimum wage on your business. In addition you have spend money on advertising and improving your packaging of guitars. The lobbying, advertising, packaging increase your variable costs $5 per unit. However you have received government aid in the form of loans to small business and grants on affirmative action hiring which reduced your fixed costs by $500. Thus your new price is equal to your previous price less $20. Since your price is less than your competitors and your packaging more attractive, your share of the market increases by 50 guitars.

LOBBY (2)

You direct your lobby to legislators in hopes of reducing the effects of the new minimum wage on your business. In addition you have spent money on advertising and improving your packaging of guitars. The lobbying, advertising, and packaging increases your variable costs $5 per unit. You have gained no advantage by lobbying. In fact, increased government attention to your firm's operations has revealed some safety hazards. To make the necessary OSHA improvements in working conditions, your fixed costs will increase by $500 over the rest of the phases. Thus your new price is equal to your previous price plus $20. Your competitors have also had price increases. In this instance, your share of the market remains unchanged.

SCORESHEET

Phase	Price per unit		Market share		Gross proceeds		Fixed costs		Variable costs		Net profit
I	$100	x	1000	=	$10,000	-	$1000	-	$5000	=	$4000
II	$____	x	_____	=	$_____	-	$1000	-	$6000	=$	_____
III	_____	x	_____	=	$_____	-	$_____	-	$_____	=$	_____
IV	_____	x	_____	=	$_____	-	$_____	-	$_____	=$	_____
V	_____	x	_____	=	$_____	-	$_____	-	$_____	=$	_____
VI	_____	x	_____	=	$_____	-	$_____	-	$_____	=$	_____

Choose one: Relocation, Lobby, Automation, Status Quo

Choose One: Relocation, Lobby, Automation, Status Quo

Choose One: Relocation, Lobby, Automation, Status Quo

Choose One: Relocation, Lobby, Automation, Status Quo +

Total Income = $_____

Multiple Choice Section

1. In the early 1800's, workers in the US were fairly secure because
   (a) there was no unemployment
   (b) wages were very high
   (c) the demand for workers was high
   (d) businesses were large and prosperous

2. A major difference between pre-industrial and industrial society is that
   (a) fewer workers are needed in industrial society
   (b) there is less employment today
   (c) meaningful contract between workers and their employers has decreased
   (d) specialization and division of labor have decreased

3. The supply of labor would be expected to increase if any of the following occurred except
   (a) better or safer working conditions became available to the whole work force
   (b) many more persons entered the work force
   (c) the legal working age was lowered to 14
   (d) the minimum wage was increased

4. Blacks and Puerto Rican Americans generally receive lower wages than white Americans because
   (a) white workers are faster workers than non-whites
   (b) nonwhites do not ask for as much money
   (c) job discrimination against minorities exists
   (d) this is the way it has to be

5. The American labor force differs from the labor forces in most underdeveloped countries because it
   (a) is smaller
   (b) has fewer unions
   (c) is generally healthy and well educated
   (d) is made up of both civilians and members of the military services

6. Which statement concerning specialization of labor is true?
   (a) The more specialization of labor there is in an economy, the greater is the need for trade
   (b) The more specialization of labor there is in an economy, the smaller is the need for trade.
   (c) The more specialization of labor there is in an economy, the lower is the economy's production of goods and services
   (d) The less specialization of labor there is in an economy, the greater is the economy's production of goods and services

7. If physics teachers are paid a salary below their market equilibrium wage, then we would expect
   (a) some physicists to leave the teaching profession
   (b) a shortage of physics teachers to exist
   (c) a positive excess demand for teachers of physics
   (d) all of the above

8. During the past 20 years the ratio of the US labor force to the total US population has
   (a) decreased because workers are retiring at an earlier age
   (b) decreased because of the decline in the US birth rate
   (c) increased because of increases in the proportion of working-age women that work
   (d) increased because workers are retiring at a later age

9. Industry studies suggest that
   (a) unions have been effective in raising real wages above those paid for nonunion labor
   (b) unions have been effective in raising nominal wages but not real wages in some industries
   (c) unions try to raise member's fringe benefits more often than they do wages
   (d) unions prefer to strike than negiotiate

10. Union membership has been decreasing as a percentage of the work force because of all of the following except
   (a) internationalization of the world economy
   (b) migration to the Sunbelt
   (c) increase of minorities in the work force
   (d) organizing of white collar workers

11. Which group occupies the least favorable economic position In the US at the present time?
   (a) skilled and semi-skilled factory worker
   (b) professional persons in education
   (c) unskilled manual workers
   (d) workers on small construction projects

12. In the labor disputes of the late 19th century, the cause of labor in the US was frequently hampered by
   (a) government activities that favored management
   (b) Communist infiltration of labor unions
   (c) resentment against sit-down strikes
   (d) the violent tactics pursued by the leaders of the Knights of Labor

13. In recent years, unions have been affected by
    (a) an increase in opportunities for unskilled labor
    (b) the growing importance of blue collar jobs as compared to the rest of the labor market
    (c) the decline in the importance of white-collar work
    (d) the increasing number of white-collar workers

14. The high wages received by most workers in this country have resulted largely from
    (a) federal and state minimum wage laws
    (b) government participation in the economy
    (c) the productivity of labor
    (d) the concern of the business community

15. A valid statement concerning organized labor in the US is that organized labor
    (a) generally advocates socialism
    (b) is dominated by radical elements
    (c) generally accepts the basic assumptions of capitalism
    (d) suffers because of the federal government's role in labor-management disputes

16. Which statement correctly describes the earnings of whites and non-whites with the same schooling
    (a) there is no real difference
    (b) nonwhites generally earn $1000 less
    (c) nonwhites generally earn less and the difference is greatest for the poorly educated
    (d) nonwhites earn less and the difference is greatest for the well educated

17. When a strike threatens the national health and safety, the President of the US may
    (a) forbid the strike
    (b) request an injunction to halt the strike temporarily
    (c) impose a settlement
    (d) provide for government operation of plants threatened by the strike

18. In a union contract with an escalator clause, a rise or fall in wages is dependent upon a rise or fall in
    (a) output
    (b) productivity
    (c) living costs
    (d) unemployment

19. Collective bargaining was first guaranteed by
    (a) the Landrum-Griffin Act
    (b) National Labor Relation Act
    (c) the Clayton Anti-Trust Act
    (d) Social Security Act

20. When labor and management agree in advance to settle a dispute by accepting the decision of a third party they are relying upon
(a) arbitration
(b) conciliation
(c) the checkoff system
(d) a secondary boycott

Classifying

Each of the following items refers to a factor of organized labor during the 19th and early 20th centuries. In the blanks write:

a. if it is a factor that promoted the growth of organized labor
b. if it is a factor that retarded the growth of organized labor

_____1. Availability of inexpensive or free land in the West
_____2. Workers' realization that they would always be employees
_____3. The growth of impersonal big business
_____4. The formation of company unions by employers
_____5. The use of injunction and yellow dog contracts
_____6. The workers' desire for higher wages and shorter hours
_____7. The tradition of laissez-faire
_____8. Immigration from Europe prior to World War I
_____9. The passage of the Clayton Antitrust Act
____10. The hope of many workers to own their own businesses

Indicate in the blanks M if the item would strengthen the mangerial position in collective bargaining; L if the item would strengthen the position of labor
_____1. a large supply of workers in proportion to available jobs
_____2. possibilitiees for introducing labor-saving techniques
_____3. the presence of rival unions
_____4. full union membership in the plant
_____5. a large reserve supply of manufactured goods
_____6. strong rival firms within the industry
_____7. a large union fund collected from dues
_____8. few union members in the plant
_____9. poor financial condition of the company
____10. poor financial condition of the union

Indicate whether the following situations would result in an increase or a decrease in the equilibrium wage rate in a competitive labor market:
_____1. Mechanization has the overall effect of improving labor productivity and increasing the demand for labor.
_____2. Product demand increases, resulting in an increase in the demand for labor used to assemble the product.
_____3. There is an increase in the number of workers in the labor force.
_____4. Employee training programs have the effect of increasing labor productivity resulting in an increase in the demand for labor.
_____5. Technological improvements in tomato pickers reduce the need for agricultural workers.

LABOR AND WAGES

The labor force consists of people who are _1_ (working, working or willing to work). Categories of labor are usually based upon __2__(earned income, required skills). Although the distinction between any two categoreis of labor is often difficult, broad generalizations can be made. For example, a nuclear physicist is clearly __3__(professional, semi-skilled) while a truck driver can be classified as (unskilled, skilled). 1._____ 2._____ 3._____ 4._____ 5._____

Workers of __5__(the same category, different categories) normally compete with; each other, primarily because it is __6__(difficult, impossible) to move into another classification, Unskilled workers do not compete with skilled workers because they do not have the necessary (initiative,training). Another major factor which restricts competition among labor groups is lack of __8__(opportunity, native ability). 6._____ 7._____ 8._____ 9._____

Generally, the more skills a worker possesses, the higher his wage rate will be. The basic reason for pay differences among grades of labor is __9__ (scarcity of workers, ethnic background). As the average level of education rises in this country, one should expect __10__(more,less) competition among the various categories of labor and a __11__ (greater, lesser) differential in pay. 10._____ 11._____

According to the traditional wage theory, wages are determined by _12_(productivity, union negotiations) That is,if a worker would add ten dollars to a firm's profits, exclusive of the wage paid to him, and he demanded twelve dollars, he _13_(would, would not) be hired. The equilibrium wage rate for a given grade of labor is that rate at which the numbers of workers willing to work _14_(equals, exceeds) the number desired by employers. In recent years, the demand-supply theory of wage determination has been supplemented by _15_(collective bargaining, federal law). Under this "new" theory of wage determination, a highly productive worker could receive a _16_(higher, lower) wage for the same job than a less productive worker with greater seniority would get. Under the theory of negotiated wages, unions are more likely to demand wage increases because the _17_(cost of living has risen, labor supply is scarce relative to demand). 12._____ 13._____ 14._____ 15._____ 16._____ 17._____

Many identical jobs offer different wages in different parts of the country. One reason for regional wage differences is worker _18__ (mobility, immobility). Also, the ___19___ (standard of ;living, cost of living) varies from region to region. Finally, some jobs offer to certain individuals some personal, intangible rewards which cannot be measured in dollars. This is known as _20_(psychic income, negotiated income).

18._____

19._____

20._____